SASKATCHEWAN

Report of the Provincial Auditor

to the Legislative Assembly
of Saskatchewan

Understanding the Finances of the Government

2007 Report
Volume 2

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V2

Telephone: (306) 787-6398
Fax: (306) 787-6383

E-mail: info@auditor.sk.ca
Website: http://www.auditor.sk.ca/

ISSN 0581-8214

This Report and previous Reports are available on the Internet at http://www.auditor.sk.ca/

Vision

We envision effective, open, and accountable government.

Mission

We serve the people of Saskatchewan through the Legislative Assembly by fostering excellence in public sector management and accountability.

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V2

SASKATCHEWAN

Phone: (306) 787-6366
Fax: (306) 787-6383
Internet e-mail: fwendel@auditor.sk.ca

August 24, 2007

The Honourable P. Myron Kowalsky
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour of submitting my *2007 Report - Volume 2*, to be laid before the Legislative Assembly in accordance with the provisions of Section 14 of *The Provincial Auditor Act*.

Respectfully yours,

Fred Wendel, CMA, CA
Provincial Auditor

/dd

Foreword

I am pleased to present my *2007 Report – Volume 2* to the Legislative Assembly. This Report focuses on understanding the finances of the Government. Later this year, I will present Volume 3. Volume 3 will include the results of our work at government organizations with a fiscal year end of March 31, 2007.

Regina, Saskatchewan
August 24, 2007

Fred Wendel, CMA, CA
Provincial Auditor

Understanding the Finances of the Government

Executive summary 1

Summary of key financial and economic indicators for Saskatchewan 2

Introduction 3

Understanding the Summary Financial Statements 3

Methodology used 4

Source of data and its limitations 5

The Government's 2006-07 financial condition 5

Sustainability 6

Annual surplus or deficit 6

Net debt 7

Net debt as a percentage of provincial GDP 8

Net debt as a percentage of its provincial GDP – by province 9

Flexibility 10

Own-source revenue as a percentage of provincial GDP 10

Own-source revenue as a percentage of its GDP – by province 11

Interest costs as a percentage of its total revenue 12

Interest costs as a percentage of its total revenue – by province 13

Change in investment in tangible capital assets 14

Vulnerability 15

Revenue from Federal Government transfers 16

Federal Government transfers as a percentage of own-source revenue 17

Federal Government transfers as a percentage of own-source revenue - by province 18

Related public reporting 19

Quarterly reporting of financial performance 19

Financial statement discussion and analysis 20

Appendix 1 – Additional financial information and analyses 21

Appendix 2 – Glossary of key terms 38

Appendix 3 – Detailed revenue and expense – 1991 to 2007 40

Appendix 4 – Listing of graphs 41

Executive summary

For the year ending March 31, 2007, the Government's financial condition has showed continued improvement from prior years. With its annual surplus of $574 million, the Government has recorded a surplus for the third straight year.

The Government has further reduced its net debt in 2007 by almost $500 million to a fifteen-year low of $7.3 billion. Its net debt as a percentage of provincial GDP has improved because of reductions in the Government's net debt and a strong provincial economy. Its interest costs as a percentage of revenue has also improved. Even at its lower level, net debt remains high given Saskatchewan's population of one million; and interest costs of $783 million remain significant as the fourth largest expense of the Government.

The strong provincial economy has resulted in increased taxation revenue. However, expenses increased more than revenue did resulting in the annual surplus being $105 million lower than last year.

Even with the Government's improved financial situation, financial risks remain.

The Government's finances continue to be vulnerable due to its reliance on revenue that changes based on factors beyond its control. For example, the Government's ability to raise revenue is subject to the state of the provincial economy. The state of Saskatchewan's economy remains exposed to changes in the value of the Canadian dollar; prices for commodities such as oil, potash, grains, and livestock; and interest rates. Furthermore, the Government's revenue is impacted by the federal equalization formula that decreases Federal Government transfers as the Government's non-renewable resources revenue increases.

The growth in expenses shows, in part, that the Government continues to be under pressure to spend more in some sectors, particularly health and education. Also, the Government remains exposed to high costs for crop insurance programs in the event of low commodity prices or bad weather.

Given these vulnerabilities, the Government must continue to carefully manage the risks to its future revenue and expenses.

Summary of key financial and economic indicators for Saskatchewan

(derived from the Government's summary financial statements)

(in millions of dollars)

	Key	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Annual surplus (deficit)	1	-900	-281	141	563	545	326	69	406	461	-483	-654	-100	844	679	**574**
Annual (deficit) - budgeted	2, 4	----------	----------	----------	----------	----------	N/A	----------	----------	----------	----------	----------	----------	-284	-173	**-113**
Net Debt	1	10,476	10,758	10,627	10,056	9,511	9,185	9,108	8,702	8,248	8,735	9,305	9,318	8,487	7,761	**7,318**
Net Debt - budgeted	2, 4	----------	----------	----------	----------	----------	N/A	----------	----------	----------	----------	----------	----------	9,917	8,945	**8,271**
Gross Domestic Product (GDP)	3	21,215	22,904	24,716	26,791	29,238	29,377	29,550	30,929	33,765	33,222	34,498	36,821	40,462	42,640	**45,822**

(in percentages)

	Key	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Net Debt as a % of GDP	1,3	49	47	43	38	33	31	31	28	24	26	27	25	21	18	**16**
Own-source revenue as a % of GDP	1,3	18	18	19	20	18	19	18	18	18	16	18	17	18	19	**18**
Interest Costs as a % of revenue	1	24	23	22	20	20	19	18	14	13	13	12	12	10	9	**8**
Annual percentage increase in net book value of tangible capital assets	1,4	----------	N/A	----------		1	0.8	2.6	1.6	1.2	2.8	2.2	2	2.4	0.6	**3.7**
Federal Government transfers as a % of own-source revenue	1	37	37	33	19	16	12	21	27	17	28	23	20	28	18	**19**

Key:

1. Information derived from the Government's summary financial statements for the fiscal year ending March 31
2. Information from Government of Saskatchewan Budget and Performance Plan Summary for the fiscal year ending March 31
3. For the current year, GDP statistics reflect the most recent calendar year as published by Saskatchewan Bureau of Statistics (www.stats.gov.sk.ca). Comparatives are those produced in previous reports. Statistics are not available for twelve-month periods ending March 31. The GDP statistics are not adjusted for inflation (commonly referred to as nominal GDP).
4. N/A means data is not available.

Introduction

Public Accounts 2006-07 Volume 1 Main Financial Statements is a major accountability document of the Government of Saskatchewan as it contains the Government's audited Summary Financial Statements. The Government is responsible for the integrity of these statements.

These statements should be the basis for assessing and understanding the financial condition of the Government. This report is intended to assist readers in understanding the Summary Financial Statements and the Government's current financial condition. Also, this report is to encourage both legislators and the public to focus public discussion on the Summary Financial Statements as opposed to financial statements of the General Revenue Fund.[1]

Understanding the Summary Financial Statements

Only the Government's Summary Financial Statements provide the complete financial picture and key financial information on the financial activities of the entire Government.

The Summary Financial Statements are complete in that they include the financial results of the over 275 different agencies the Government uses to deliver its goods and services. These agencies include government departments (such as Health and Learning), Crown corporations (such as SaskPower and SaskTel), boards (such as the Workers Compensation Board), commissions (such as the Legal Aid Commission), and special purpose funds (such as the General Revenue Fund).

Also, the Summary Financial Statements provide the following key financial information:

- a snapshot of where the Government stands financially at March 31 each year
- the results of its activities for the year
- what revenue it brought in and what it spent (i.e., annual surplus or deficit)
- how much it borrowed and repaid
- how it sourced/used its cash

[1] The General Revenue Fund is a special purpose fund that the Government uses to pay for some of its services. By law, the Legislative Assembly must approve the spending from the General Revenue Fund. The spending is set out each year in the Estimates (an annual budget).

- a comparison of its actual results to its planned results (based on the summary financial budget)[2]

These statements provide the basis for the financial information used in this report. Appendix 2 provides a glossary of key terms used throughout this report.

Methodology used

Understanding the finances of a government, particularly over time, provides insight into a government's management of its financial affairs.

This report uses financial indicators published by The Canadian Institute of Chartered Accountants (CICA) to assess the finances of governments.[3] Financial indicators, expressed as ratios or trends, provide a picture of what has occurred over a period of years and facilitate comparisons.

The CICA has grouped its indicators into three categories that measure a government's financial health in the context of its overall economic and financial environment. The indicators measure:

- whether a government is living within its means (sustainability)
- how well a government can respond to rising commitments by either expanding its revenue or increasing its net debt (flexibility)
- how much a government relies on revenue sources beyond its direct control or influence, such as money from the Federal Government (vulnerability)

Where possible, this report provides fifteen years of indicator data. Providing data for many years allows readers to observe the general direction of the indicators over time and identify trends. Data for a specific year provides a snapshot of the indicators, whereas trends provide information that is more meaningful.

This report also compares Saskatchewan's finances for selected indicators to other provinces. Prior year data is used (i.e., year ended March 31, 2006) because current year data is not available from most other provinces at the time of writing this report.

---

[2] Since 2004-2005, the Government has included the *Summary Financial Budget* in the Saskatchewan Provincial Budget in the *Budget and Performance Plan Summary*.

[3] *Indicators of Government Financial Condition*, CICA, 1997. This research report is available from the CICA website at www.cica.ca.

Source of data and its limitations

The financial indicators in this report use key financial information from provincial governments' audited summary financial statements. Economic information is obtained from Statistics Canada and the Saskatchewan Bureau of Statistics. Comparative data presented is not adjusted for inflation.

For the following reasons, data from other provinces is not fully comparable.

First, in some cases, other provincial governments record their financial activities different from Saskatchewan. Where public information is available, we have adjusted the financial information of those provinces to conform to Saskatchewan. However, information is not always publicly available.

Second, how a provincial government organizes itself can affect what financial activities are included within its summary financial statements. For example, some provinces have included the financial activities of school boards and universities in their summary financial statements, whereas Saskatchewan does not. It is neither feasible nor appropriate for us to adjust data presented for these types of differences.

Third, on occasion, the financial information of other provinces may not be reliable.[4]

Furthermore, it is not feasible to adjust data for differences in the characteristics of provincial economies. For example, own-source revenue for some provincial governments (such as Alberta and Saskatchewan) includes significant revenue from non-renewable resources such as oil and gas.

The Government's 2006-07 financial condition

A government's financial condition reflects its financial health. This section describes the Government's financial health using the CICA's

[4] For the year ended March 31, 2006, the auditor's reports on the summary financial statements of the governments of Manitoba and Quebec cite problems. For the Government of Manitoba, the audited financial statements do not include the financial activities of public school divisions because sufficient information was not available. For the Government of Quebec, the audited financial statements did not include the financial activities of all of its entities and were not prepared using generally accepted accounting principles. The total impact of these differences is not known.

three categories of sustainability, flexibility, and vulnerability. It describes each category and its related indicators (in color). For each indicator, it provides trend data for Saskatchewan, highlights key trends, and compares information for Saskatchewan to that of other provinces (where information is available).

Sustainability

Sustainability measures the ability of a government to meet its existing program commitments and creditor requirements without increasing its net debt.

Looking at trends for the following three indicators provides useful insight into the sustainability of a government's revenue-raising and spending practices:

- a government's annual surplus or deficit
- a government's net debt
- a province's gross domestic product (GDP)

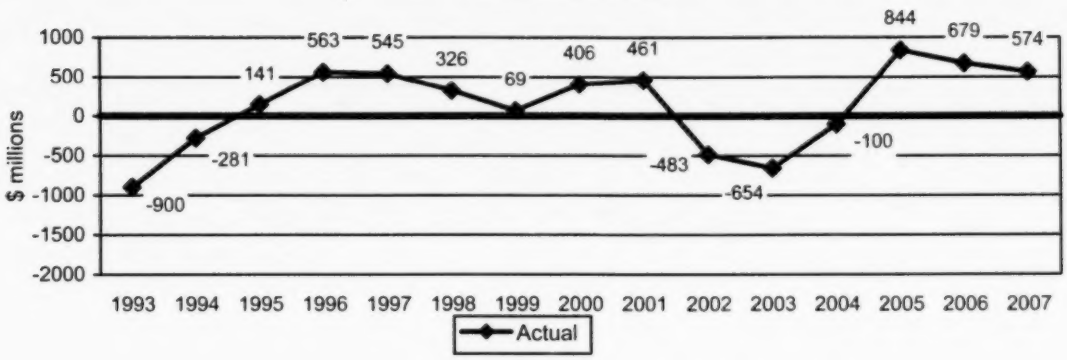
Annual surplus or deficit

The **annual surplus or deficit** shows the extent to which a government spends less or more than it raises in revenue in one fiscal year. In simple terms, it shows whether a government is living within its means. An annual surplus means a government has lived within its means, whereas an annual deficit means it has not.

Continued annual surpluses have helped the Government maintain its services and have provided it with an opportunity to lessen its borrowing needs.

The annual surplus for the year ended March 31, 2007 was $574 million, which is $105 million less than last year. Graph 1 shows the Government's annual surpluses or deficits for the last fifteen years. The Government has lived within its mean for most of those years (that is, the Government raised more revenue than it spent in the year).

Graph 1 **The Government's annual surplus or deficit from 1993 to 2007**



However, as shown in Appendix 3, the lower surplus in 2007 compared to 2006 was primarily due to increases in spending exceeding increases in revenue. A government must manage its revenue-raising and spending practices in the context of its provincial economy.

Looking at net debt and GDP provides insights into these practices.

Net debt

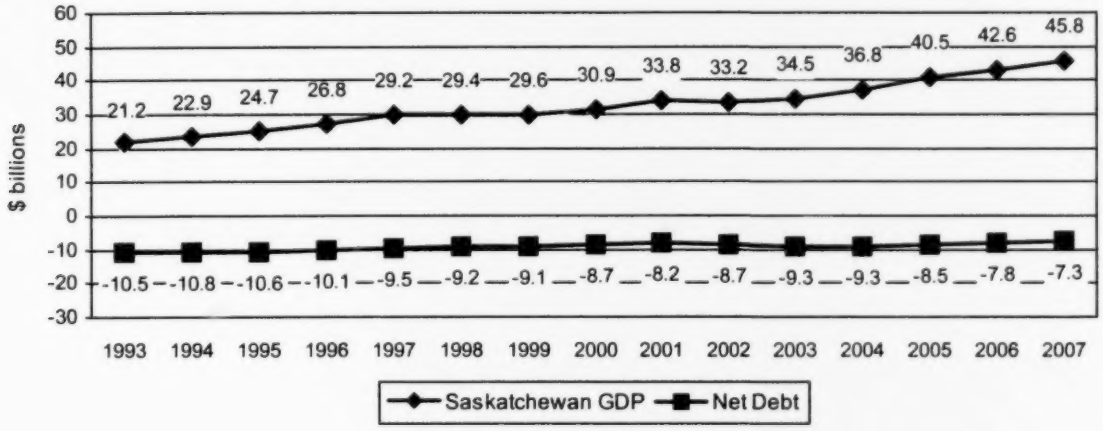
Net debt is the amount that current and past generations of citizens leave to future generations of citizens to pay or finance. It is when a government's total liabilities exceed its total financial assets. The **GDP** is a measure of the value of the goods and services produced in a province during a given year. The GDP indicates the size of the provincial economy.

The steady growth in Saskatchewan's GDP has continued to assist the Government in decreasing its net debt.

Graph 2 shows that the Government's net debt has improved from its high of $10.8 billion in 1994 to $7.3 billion in 2007. Over the fifteen-year period ending in 2007, the provincial debt burden on Saskatchewan taxpayers has decreased by $3.2 billion (that is a reduction of about $3,200 per person).

The provincial economy, as reflected by GDP, grew steadily from a low of $21.2 billion in 1993 to a new high of $45.8 billion in 2007.[5] Over the same fifteen-year period, the provincial economy grew by 116% whereas the consumer price index has increased by 35% from 1993 to 2007.[6] Also, Graph 2 shows the economy, as measured by Saskatchewan's GDP, has posted strong growth in the last four years (i.e., increased more than $2 billion over the prior year in each of these four years).

Graph 2 **Saskatchewan's GDP and the Government's net debt from 1993 to 2007**



See Appendix 1 – Graph C for detail on changes in the provincial GDP.

Net debt as a percentage of provincial GDP

Net debt as a percentage of provincial GDP (net debt to GDP ratio) measures the level of financial demands placed on the economy by a government's spending and revenue-raising practices. It provides a measure of how much debt a government can afford to carry. The larger the economy, the more debt a government can afford to carry.

Higher ratios mean a government is placing a growing debt burden on taxpayers and it will need more future revenue to repay the debt. Higher ratios can adversely impact the interest rate at which a government can borrow (i.e., credit ratings)—lower or decreasing ratios are better.

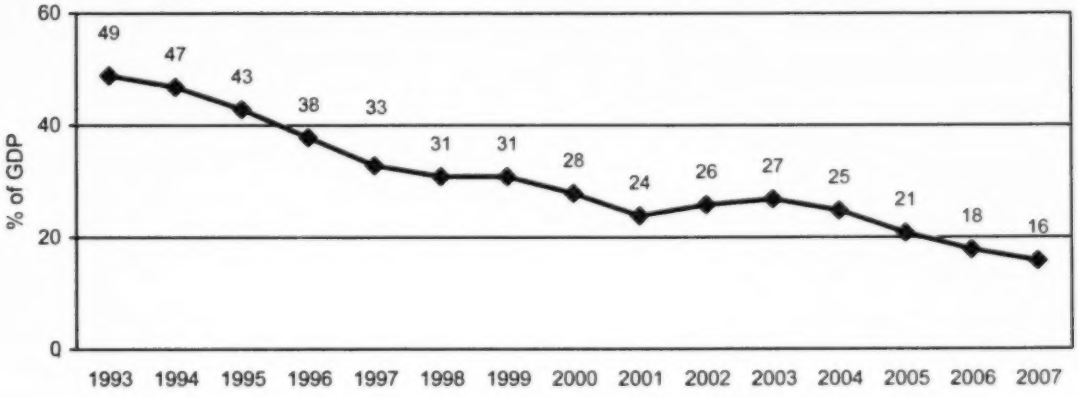
[5] Saskatchewan Bureau of Statistics for GDP at December 31. GDP statistics reflect the previous calendar year since statistics are not available for twelve-month periods ending March 31. GDP is not adjusted for inflation (i.e., nominal GDP).

[6] Consumer Price Index by Province, Statistics Canada, www40.statcan.ca, (accessed June 21, 2007).

The steady downward trend of net debt as a percentage of provincial GDP suggests the Saskatchewan economy can better sustain demands that the Government places on it.

Graph 3 shows the net debt to GDP ratio at March 31, 2007 was 16, down from a ratio of 18 in the previous year.

Graph 3 **The Government's net debt as % of provincial GDP from 1993 to 2007**

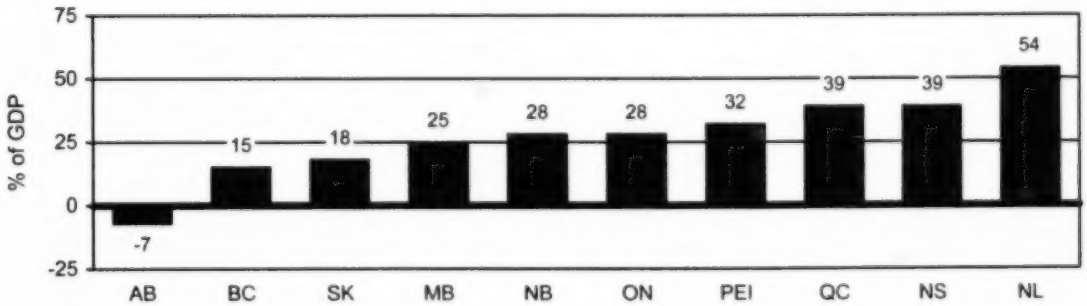


Net debt as a percentage of its provincial GDP – by province

Based on its net debt to GDP ratio at March 31 2006, Saskatchewan continues to perform relatively well when compared to its counterparts.

Graph 4 shows that Saskatchewan had the third lowest net debt to GDP ratio at March 31, 2006 following Alberta and British Columbia. This ranking is consistent with prior years.

Graph 4 **Net debt as % of GDP as at March 31, 2006 by province**



Flexibility

Flexibility measures the degree to which a government can increase financial resources to respond to rising commitments either by expanding its revenue or by increasing its net debt.

Looking at trends for the following indicators provides insight into a government's flexibility:

- a government's own-source revenue
- a government's interest costs
- a government's investment in tangible capital assets

Own-source revenue as a percentage of provincial GDP

A government's **own-source revenue as a percentage of provincial GDP** shows how much revenue from the provincial economy a government raises through taxation and users fees. High ratios or increases in ratios mean a government is placing higher demands on its provincial economy – its demands are outpacing growth in the economy. This can make future increases in taxes or user fees difficult.

Generally, over the last fifteen years, the pace of increases in the Government's own-source revenue (i.e., revenue raised from within the Province) has continued to match increases in the size of the provincial economy. This means that the Government has not significantly changed its demands on the provincial economy over this time.

Graph 5 shows that own-source revenue as a percentage of provincial GDP ratio has been fairly constant since 1993. This ratio was 18 at March 31 2007, down from a ratio of 19 in the previous year.

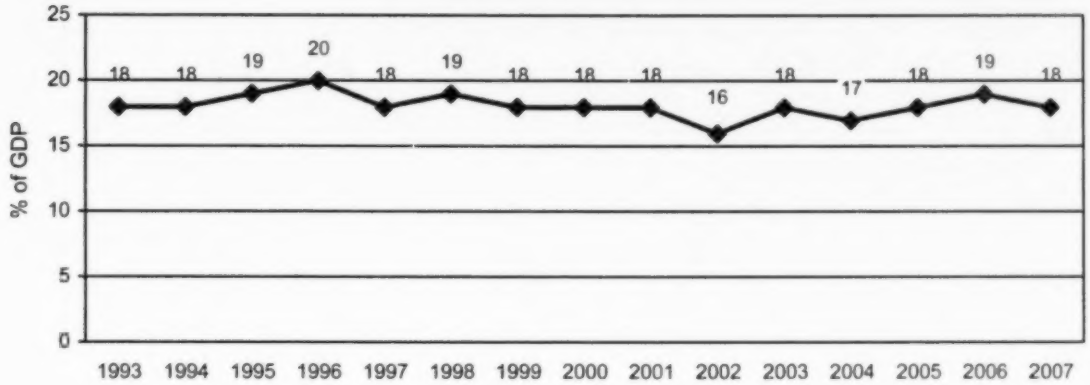
As shown in Graph 2, the provincial economy has grown steadily over the last fifteen years with stronger growth in the last four years. Appendix 3 shows that from 1993 to 2007, Saskatchewan's own-source revenue has also grown steadily increasing from $3.9 billion in 1993 to $8.3 billion in 2007. The main contributors to increases in own-source revenue between 1993 and 2007 are as follows:

- taxes increased $2.1 billion (primarily due to increases of $0.6 billion in individual income, $0.5 billion in sales, $0.5 billion in corporate income, and $0.39 billion in corporate capital)

- revenue from non-renewable resources increased $1.3 billion (primarily due to increases of $1.1 billion in oil royalties)
- other own-source revenue increased $0.5 billion

Graph 5

The Government's own-source revenue as % of GDP from 1993 to 2007



Own-source revenue as a percentage of its GDP – by province

Saskatchewan, along with three other provinces, had the second lowest ratio of "taxes and other revenue" as a percentage of provincial GDP. At the same time, Saskatchewan had the highest overall own-source revenue as a percentage of provincial GDP ratio at March 31, 2006.

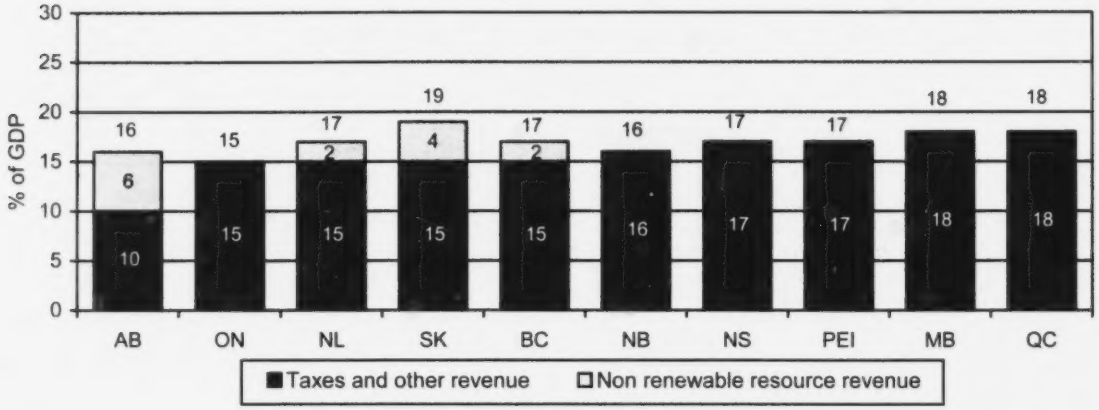
Graph 6 provides a breakdown of revenue of each province by "taxes and other revenue" and "non-renewable resource revenue." It also ranks the provinces by "taxes and other revenue."

Saskatchewan, in common with other provinces, relied primarily on "taxes and other revenue" as its primary source of own-source revenue. Saskatchewan, Ontario, Newfoundland and Labrador, and British Columbia had the same ratio of 15 at March 31, 2006. Saskatchewan's ranking was similar to prior years.

Graph 6 also shows the four provinces (i.e., Alberta, Newfoundland and Labrador, Saskatchewan, and British Columbia) with "non-renewable resource revenue." For Alberta, this source of revenue made up over one-third of its total own-source revenue.

Graph 6

Own-source revenue as % of GDP as at March 31, 2006 by province



Interest costs as a percentage of its total revenue

The amount of **interest costs as a percentage of total revenue**, sometimes called the "interest bite," shows the extent to which a government must use revenue to pay for interest costs rather than to pay for services. In simple terms, the ratio shows how much of every dollar of a government's revenue is needed to pay interest. A lower ratio of interest costs as a percentage of revenue means a government uses less of its revenue to pay for interest costs.

The amount of revenue the Government needed to pay interest has steadily declined since 1993 when the Government used twenty-four cents of every dollar of its revenue to pay interest. In 2007, it used only eight cents of every dollar of revenue. These reductions in interest costs have given the Government more resources to provide services without having to increase its revenue.

Graph 7 shows a significant decline in interest costs as a percentage of revenue—this is a positive trend. This decrease in the interest bite resulted primarily from increased revenue along with lower interest costs.

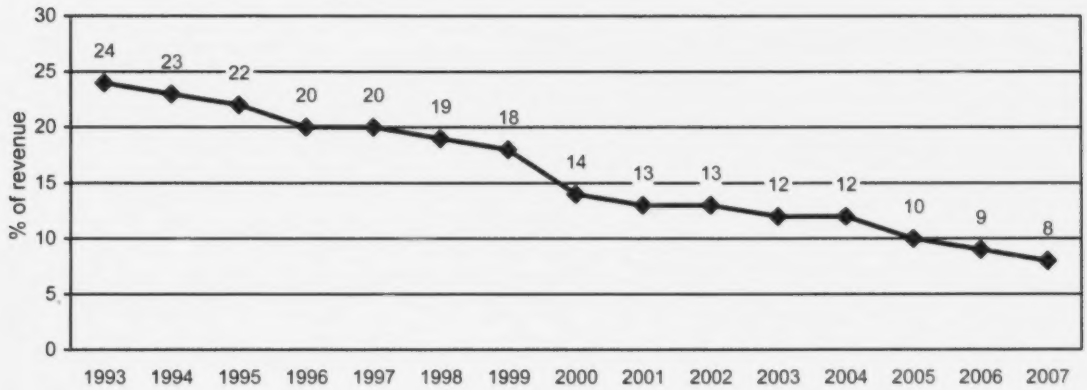
Appendix 3 shows the Government's revenue increased by $4.6 billion to $9.9 billion in 2007 from $5.3 billion in 1993. Over the same fifteen-year period, the Government's interest costs decreased by $516 million to $783 million in 2006 from $1.3 billion in 1993.

To help put the Government's interest costs in perspective, consider the following. In 1993, the Government spent more on interest costs than it

did on education. In 2007, its interest costs are equivalent to about 46% of its spending on education and slightly less than what it spent on social services and assistance. While interest costs have declined, they remained significant. In 2007, interest costs of $783 million remained the fourth largest expense of the Government. Further, as shown in Appendix 1 – Graph K, the Government's liabilities (i.e., amounts owed to others) remained substantial.

Graph 7

The Government's interest costs as % of total revenue from 1993 to 2007



Saskatchewan's net debt has declined since 1993 (see Graph 2 for details). Reduced net debt has contributed to the Government's improved 2007 credit rating of AA (low) from BBB in 1993.[7] Better credit ratings also mean the Government has more sources for borrowing and can borrow at lower interest rates. For trends on the Government's credit ratings and comparisons with other provinces, see Appendix 1 – Graphs L to O.

Interest costs as a percentage of its total revenue – by province

At March 31, 2006, Saskatchewan's interest costs as a percentage of revenue continued to rank in the mid range when compared to its counterparts.

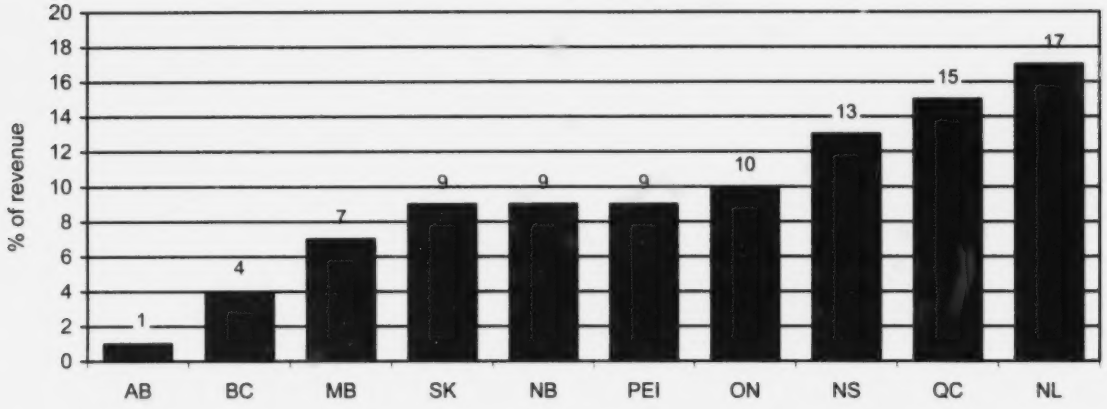
Graph 8 shows that Saskatchewan, at March 31, 2006, tied with both New Brunswick and Prince Edward Island at a ratio of 9. Saskatchewan

[7] Reflects Dominion Bond Rating Service (DBRS) rating for Province of Saskatchewan long-term debt (i.e., bonds and debentures). The DBRS® long-term debt rating scale from AAA and D gives an indication of the risk that a borrower will not fulfill its full obligations in a timely manner. DBRS ratings are publicly available at www.dbrs.com.

has been either fifth or sixth lowest since 2001. Consistently, Alberta has been the lowest and British Columbia the second lowest.

Graph 8

Interest costs as % of revenue as at March 31, 2006 by province



Change in investment in tangible capital assets

Governments invest billions of dollars in tangible capital assets such as buildings, equipment, roads, and dams. These assets are essential for the economy and for delivering government services.

The **annual percentage change in the net book value of tangible capital assets** measures the extent to which a government is maintaining or failing to maintain the tangible capital assets it needs to deliver its services. An increase means a government has spent more on these assets than it has reduced their value because of age and use (commonly called amortization or depreciation).

Continual decreases in the net book value of tangible capital assets may indicate that a government is not maintaining or enhancing its tangible capital asset base. Delays in investing in essential tangible capital assets may improve financial results in the short term but such delays may lead to higher future maintenance or replacement costs due to increased deterioration. As such, deferral of capital maintenance can result in poorer financial results in future periods. This can adversely affect service delivery and lead to increased financial burdens on future taxpayers.

The Government held significant tangible capital assets with a net book value of over $4 billion at March 31, 2007. In 2007, it spent $450 million

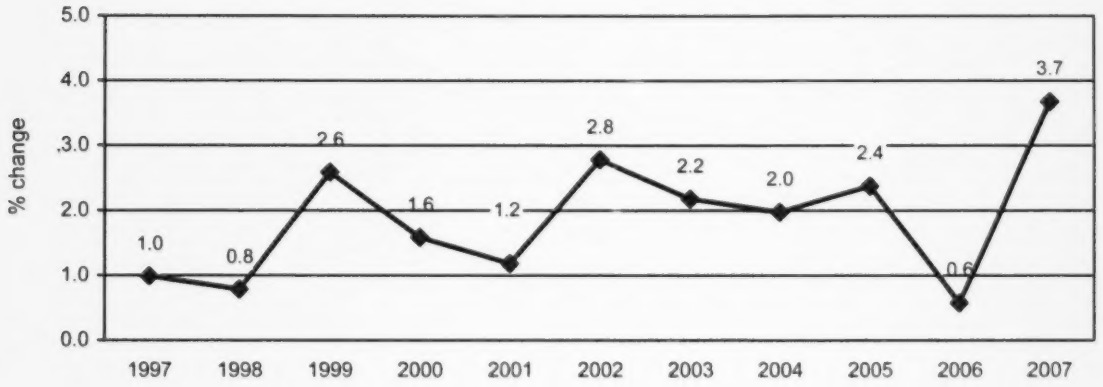
on buying new assets and reduced the value of its tangible capital assets by $285 million (i.e., amortization). This does not include its spending on the $5.8 billion of capital assets held by certain Crown corporations (e.g., SaskPower).

Continued increases in the net book value of tangible assets suggest that, on an overall basis, the Government has maintained its existing assets.

Graph 9 shows that each year since 1997[8] the Government's spending on its tangible capital assets has exceeded the amount by which they are reduced because of their age and use.

Graph 9

Annual % increase in net book value of tangible capital assets from 1997 to 2007



Comparisons by province are not provided because complete information on tangible capital assets is not yet available for all provinces.

Vulnerability

Vulnerability is the degree to which a government becomes dependent upon, and thus, vulnerable to sources of revenue outside of its control or influence. In simple terms, this indicator measures the extent to which a government can manage its financial affairs without having to rely on others.

Looking for trends in federal transfers provides insight into a government's dependency on outside revenue.

[8] 1997 is the first year net book value of tangible capital assets is available.

Revenue from Federal Government transfers

Federal Government transfers are a significant source of revenue for provincial governments including Saskatchewan. Provincial governments can be at risk if they place too much reliance on this source of revenue to pay for their services. Reductions in federal government transfers could impair a provincial government's ability to deliver its services.

Federal Government transfers include equalization transfers and other federal transfers.[9] Graph 10 shows that over the fifteen-year period Federal Government transfers to Saskatchewan increased slightly to $1.6 billion in 2007 from $1.4 billion in 1993. However, the amount of transfers fluctuated significantly during this period from a low of $675 million in 1998 to a high of $2.0 billion in 2005. In 2005, the Government recorded a $582 million one-time equalization transfer.

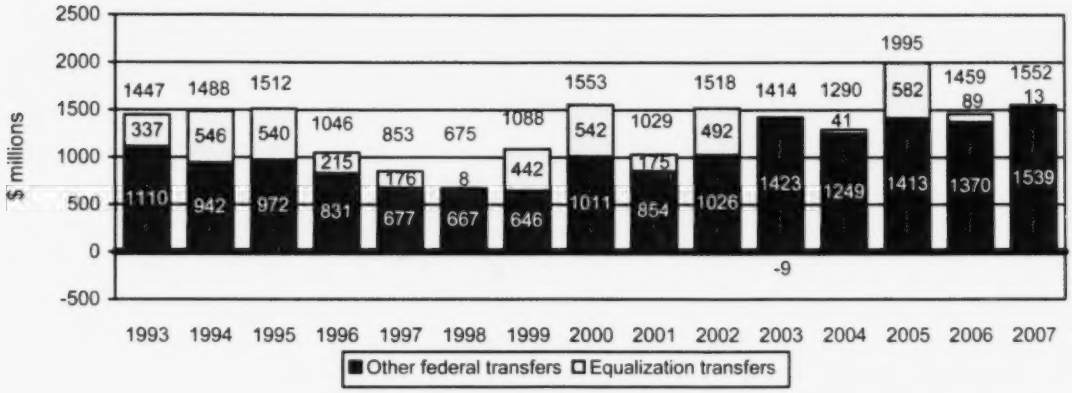
The Federal Government calculates the amount of equalization transfers by comparing the ability of provincial governments to raise revenue. Its calculation takes into account the performance of provincial economies relative to each other. The size of the provincial economy in any given year relative to other provinces significantly affects the annual amount of the equalization transfers.

Provincial governments have no control over the amount of federal transfers they get each year. Governments typically find it difficult to reduce or eliminate established services. Significant shifts in federal transfers make it more challenging for the Government to make long-term decisions about service delivery.

[9] Other federal transfers are intended to help pay for the costs of such services as health, education, and agriculture; these include Canada Health transfers, Canada Social transfers, and transfers for education and agriculture.

Graph 10

Revenue from Federal Government transfers from 1993 to 2007



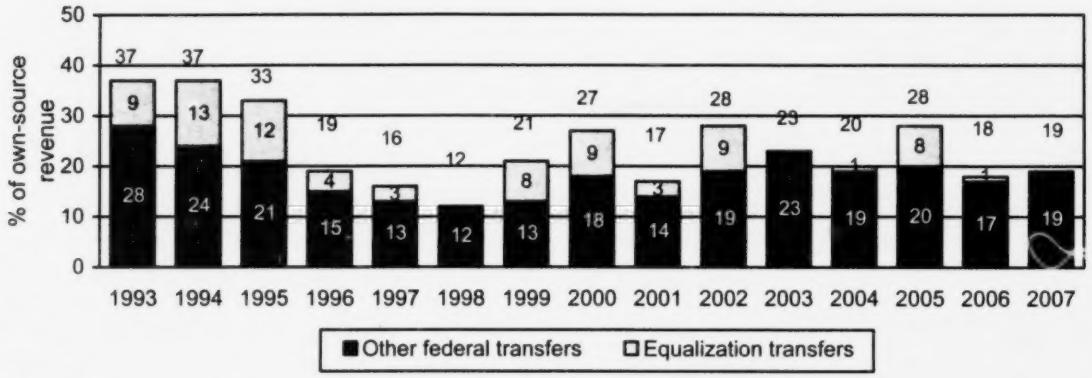
Federal Government transfers as a percentage of own-source revenue

Federal Government transfers as a percentage of own-source revenue shows the extent to which a government is dependent on money from the Federal Government to operate. A government showing increasing trends is becoming increasingly dependent on federal money to operate – that is, changes in the levels of Federal Government transfers would have a greater impact on a government's ability to deliver expected services.

The continued increase in the Government's own-source revenue has helped the Government become less dependent on money from the Federal Government and less vulnerable to the impact of changes in federal transfers on the Government's ability to deliver its services.

Graph 11 shows that over the fifteen-year period the Federal Government transfers as a percentage of Saskatchewan's own-source revenue has generally decreased. The decrease has resulted from increases in own-source revenue over this period. As previously noted, $1.3 billion of the increase of the $4.4 billion increase in Saskatchewan's own-source revenue over this period is from non-renewable resource revenue. Over this period, increases in non-renewable resource revenue have resulted primarily from increased prices in oil, potash, and natural gas. These prices are set by worldwide markets beyond the Government's control. Increases in this revenue have resulted in decreases in federal equalization transfer revenue.

Graph 11 **Federal Government transfers as % of Saskatchewan Government own-source revenue from 1993 to 2007**



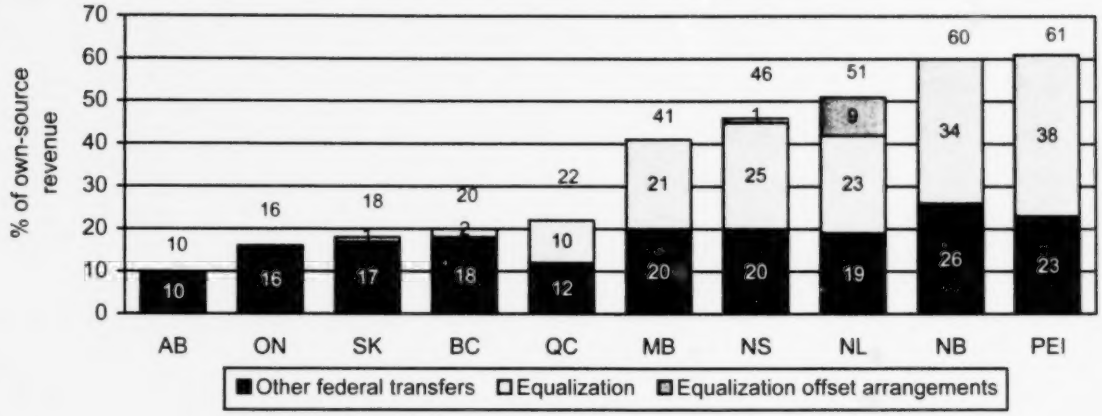
For further a comparison of trends of federal equalization transfers and oil revenue, see Appendix 1 – Graph H.

Federal Government transfers as a percentage of own-source revenue - by province

Based on federal transfers as a percentage of own-source revenue at March 31, 2006, Saskatchewan is less dependent on federal transfers than most other provinces.

Graph 12 breaks down Federal Government transfers into three types: other federal transfers, equalization, and equalization offset arrangements. Graph 12 shows that Saskatchewan was third lowest of the ten provinces in reliance on federal transfers. This ranking has improved from prior years where Saskatchewan, relative to other provinces, was generally fourth or fifth lowest.

Graph 12 **Federal Government transfers as % of own-source revenue as at March 31, 2006 by province**



As previously shown in Graph 6, Alberta, British Columbia, Saskatchewan, and Newfoundland and Labrador have significant "non-renewable resources" revenue. Graph 12 shows that Alberta, British Columbia, and Saskatchewan receive no or low federal equalization transfers. Increases in Saskatchewan's oil and gas revenue have resulted in decreases in federal equalization transfer revenue.

The situation differed for two provinces with non-renewable resource revenue (i.e., Newfoundland and Labrador and Nova Scotia). These provinces receive additional equalization offset payments from the Federal Government under an act of Parliament.[10] The Federal Government's arrangement with these two provinces protects them from reductions in equalization transfer revenue resulting from their own-source offshore petroleum revenue.

Related public reporting

Quarterly reporting of financial performance

Our *2005 Report – Volume 2* encouraged the Government to expand its reporting of actual financial results and projected results compared to its summary financial plan. It has not done so.

[10] *Nova Scotia and Newfoundland and Labrador Additional Fiscal Equalization Offset Payments Act*, Government of Canada, June 2005. The Federal Government compensates Newfoundland and Labrador and Nova Scotia for lost equalization payments resulting from higher offshore oil revenue.

The Government publishes its summary financial budget (i.e., the budget for the entire government) along with the *Estimates* (i.e., the budget for the General Revenue Fund). The summary budget not only helps legislators and the public to understand the financial implications of the Government's plans for the upcoming year but also provides context to assess the affordability of planned services as set out in the *Estimates*.

The Government publishes projected results compared to the summary financial budget in its Mid-Year Report. Unlike its financial reporting for the General Revenue Fund, the Government does not publish projected results compared to the summary financial budget for the first and third quarters.

Publishing periodic comparisons of actual and projected results would help legislators and the public assess the Government's progress in achieving its summary financial budget.

1. **We recommend that the Government publish actual and projected results compared to its financial plan for the entire Government in each quarter.**

Financial statement discussion and analysis

Our *2006 Report – Volume 2* explains the importance of governments publishing financial statement discussion and analysis along with their audited summary financial statements. It notes that the Public Sector Accounting Board of the CICA recommends governments include financial statement discussion and analysis (FSD&A) with their summary financial statements.[11] Providing FSD&A helps legislators and the public to understand a government's financial position and results, leading to more informed decisions and judgements. It also assists a government to show its accountability for resources entrusted to it.

In our 2006 Report, we recommended that the Government publish financial statement discussion and analysis along with its audited Summary Financial Statements.

In June 2007, the Standing Committee on Public Accounts (PAC) agreed with this recommendation.

[11] *Statement of recommended practice – Financial statement discussion & analysis*, CICA Public Sector Accounting Board, June 2004

Appendix 1 – Additional financial information and analyses

This appendix sets out additional financial information and analyses in the form of questions and answers. This information is intended to assist legislators, government officials, and the public to understand the Government's finances.

1. Which items significantly affected the Summary Financial Statements results for 2007?

As Appendix 3 shows, the Government's revenue in 2007 increased $398 million and its expenses increased $503 million resulting in the annual surplus being $105 million lower than last year.

The following items significantly contributed to the overall increase of $398 million in revenue:[12]

- Taxation revenue was $369 million higher than last year. This was mainly due to higher revenue from individual income tax and corporate income taxes.

- Transfers from the Federal Government increased $93 million from the prior year. This net increase was primarily due to increases in other federal transfers of $121 million and Canada Health and Social transfers of $82 million and decreases in equalization of $76 million and crop insurance contributions of $34 million.

- Non-renewable resource revenue decreased $27 million from the prior year. This net decrease was mainly due to increases in oil revenue of $194 million offset by decreases in natural gas, potash, and other non-renewable resource revenue.

The following items significantly contributed to the overall increase of $503 million in expenses:

[12] Public Accounts 2006-2007 Volume 1, pp. 44 and 73, Government of Saskatchewan, July 2007 (available at www.gov.sk.ca/finance/paccts/paccts07/volume1-2006-07.pdf).

- Debt charges were $58 million less than last year. This is due to a reduction in total debt and lower interest rates.

- Economic development expenses were $143 million less than last year. This was mainly due to the recovery of loan losses from the sale of assets related to Meadow Lake Pulp Limited Partnership.

- Education expenses were $278 million more than last year. This was mainly due to increased expenses for teachers' pensions and property tax relief.

- Health expenses were $157 million more than last year. This was mainly due to increased costs for salaries and benefits, payments to doctors, and operating costs of regional health authorities.

- Other expenses were $80 million more than last year. This is mainly due to the additional pension costs resulting from the decision to index pensions at 70% offset by a $68 million decrease in the SaskEnergy subsidy used to reduce consumers' gas costs.

2. How did the Government's actual results compare against its planned results for 2007?

Each year, the Government publishes its Performance Plan Summary (i.e., the budget for the entire Government). As in 2006, the Government's actual results for 2007 were significantly better than planned. It had estimated an annual deficit of $112.9 million for 2007.[13] It recorded an annual surplus of $573.9 million for a difference between planned and actual of $686.8 million.

3. How did the Government's revenue raising and spending compare with changes in inflation?

Graph A compares the percentage changes, over a fifteen-year period ending 2007, of the following: total revenue, total expenses,

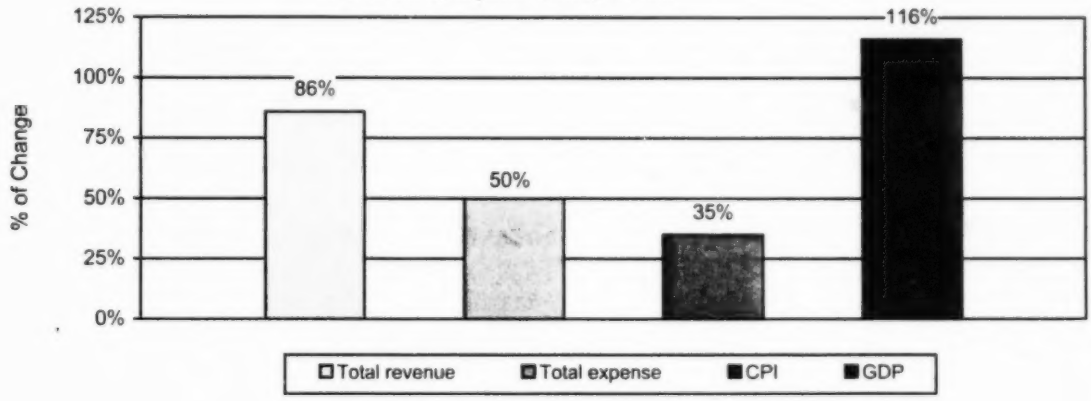
[13] 2006-2007 Saskatchewan Provincial Budget – Budget and Performance Plan Summary, p. 77, Government of Saskatchewan, March 2007. The Government later revised its estimate to a surplus of $158.3 million (2007-08 Saskatchewan Provincial Budget – Budget and Performance Plan Summary, p. 57, March 2007).

Saskatchewan's consumer price index (CPI), and gross domestic product (GDP). The report does not adjust the revenue, expenses, or GDP statistics for inflation.

Graph A shows that over this period "change in revenue" is lower than "change in GDP", and "change in expenses" exceed "change in CPI".

Graph A

Percentage of change from 1993 to 2007 of revenue, expense, CPI, & GDP



4. How did the Government's net debt per capita compare with other provinces?

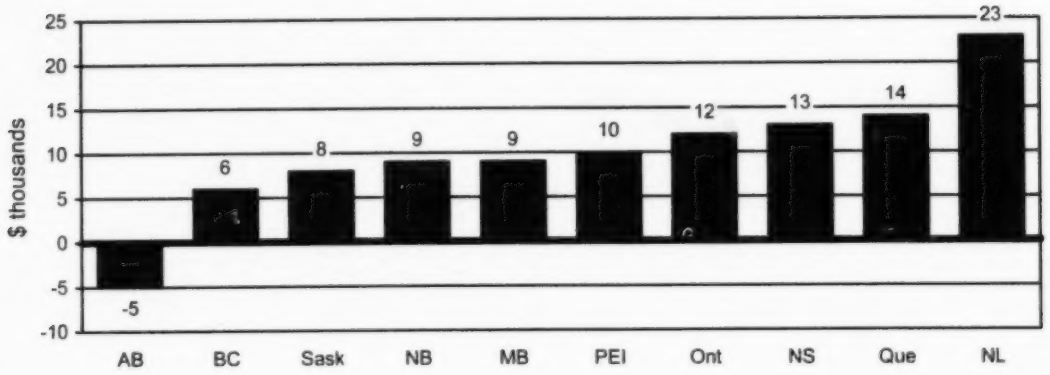
Graph B shows each provincial government's net debt as at March 31, 2006 divided by its province's population as of July 1, 2006. [14] A lower ratio is desirable.

Graph B shows that Saskatchewan had the third lowest net debt per capita of the provinces at March 31 2006. Only Alberta and BC had a better ratio of net debt per capita. This is consistent with recent years.

For the year ended March 31, 2007, Saskatchewan net debt per capita was $7,390. Information for other provinces was not available at the time of writing this report.

[14] Statistics Canada (updated July 9, 2007)

Graph B **Net debt per capita for 2006 by province**



5. What was the annual percentage change in Saskatchewan's GDP over the last fifteen years?

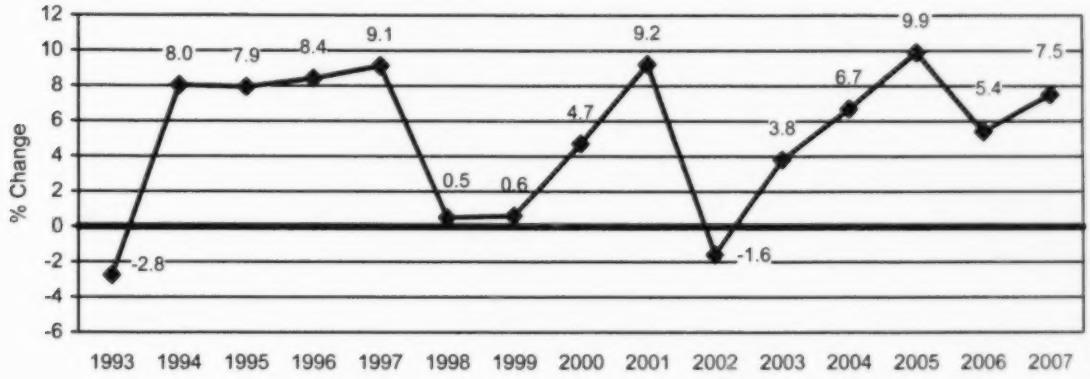
Graph C shows the annual percentage change in the Saskatchewan economy as measured by the change in the GDP (unadjusted for inflation).[15]

Graph C shows that the Saskatchewan economy fluctuated significantly over the last fifteen years. Saskatchewan is a major exporter of goods and services.[16] Key factors affecting the Saskatchewan economy that are beyond the Government's control include:

- the value of the Canadian dollar (primarily in comparison to the United States dollar)
- price of non-renewable resources such as oil, potash, and natural gas
- price of agriculture commodities such as crops and livestock
- Canadian interest rates[17]

[15] Saskatchewan Bureau of Statistics for GDP at December 31. GDP statistics reflect the previous calendar year since statistics are not available for twelve-month periods ending March 31. GDP is not adjusted for inflation.
[16] SIPP Provincial Progress Report - Overview of the Saskatchewan Economy, Saskatchewan Institute of Public Policy, Summer 2006, p. 15.
[17] 2005-06 Saskatchewan Provincial Budget, Government of Saskatchewan, p. 37, March 2005.

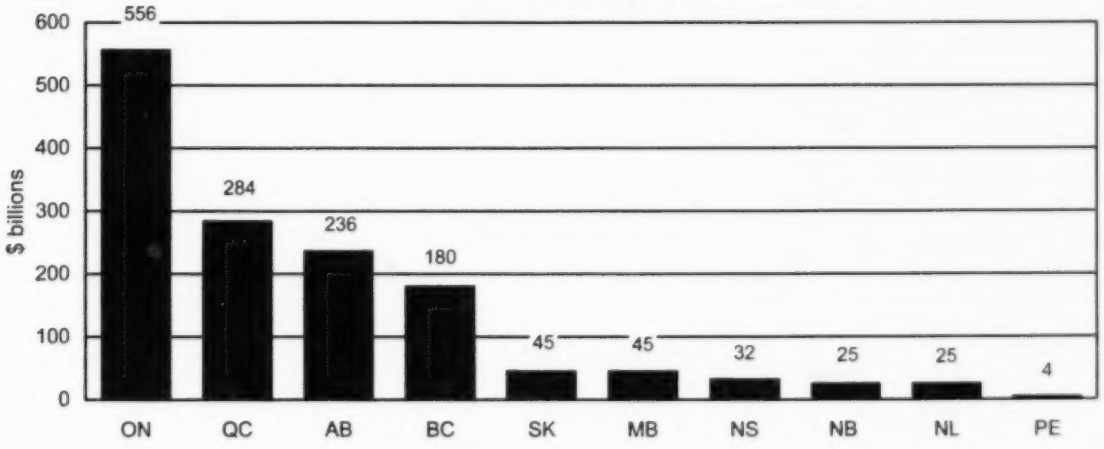
Graph C **Annual % change in Saskatchewan's GDP, 1993 to 2007**



6. How did the size of Saskatchewan's GDP compare with other provinces?

Graph D shows that for 2006 Saskatchewan's GDP is tied with Manitoba at fifth highest. It is significantly lower than that of Ontario, Quebec, Alberta, and British Columbia but higher than the Maritime provinces.[18] This is consistent with the prior year. See Graph 2 for Saskatchewan's 2007 GDP.

Graph D **GDP for 2006 by province**



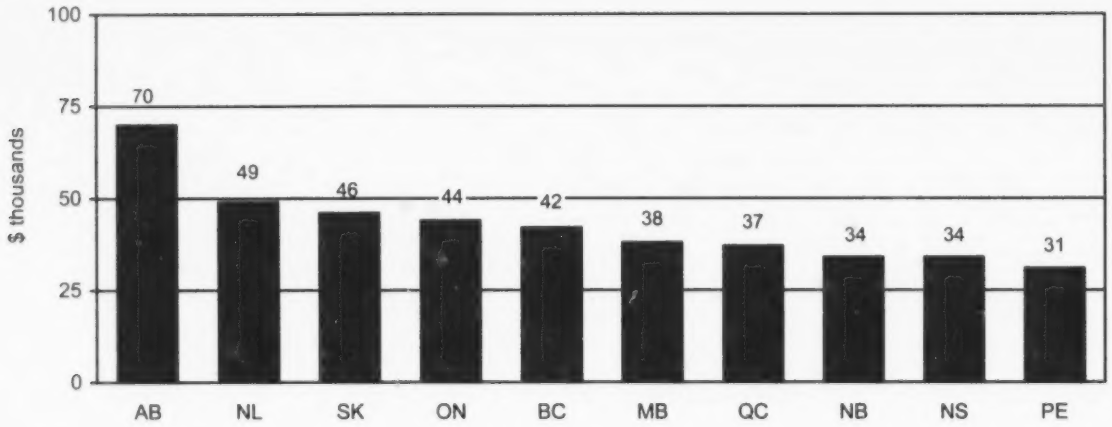
[18] The GDP information is from Statistics Canada and is available on the Internet at www.statcan.ca/english/Pgdb/econ15.htm (Accessed July 18, 2007).

7. How did Saskatchewan's GDP per capita compare with that of other provinces?

Graph E shows the GDP per capita using the provincial GDP at December 31, 2006 divided by the population of the province at July 1, 2006. A high ratio is desirable.

Graph E shows that Saskatchewan had the third largest GDP per capita of the provinces. This compares with Saskatchewan having the second largest in 2005 and the third largest from 2001 to 2004.

Graph E **2006 GDP per capita by Province**



Source: Statistics Canada.

8. Has the Government changed the extent of activity it carries out through its government business enterprises?

Enterprise services reflect the financial activities of certain Crown corporations referred to as government business enterprises.[19] Graph F shows that from 1993 to 2007, enterprise services revenue increased 123% (1992 to 2006 – 102%) and related expenses increased 117% (1992 to 2006 – 94%).

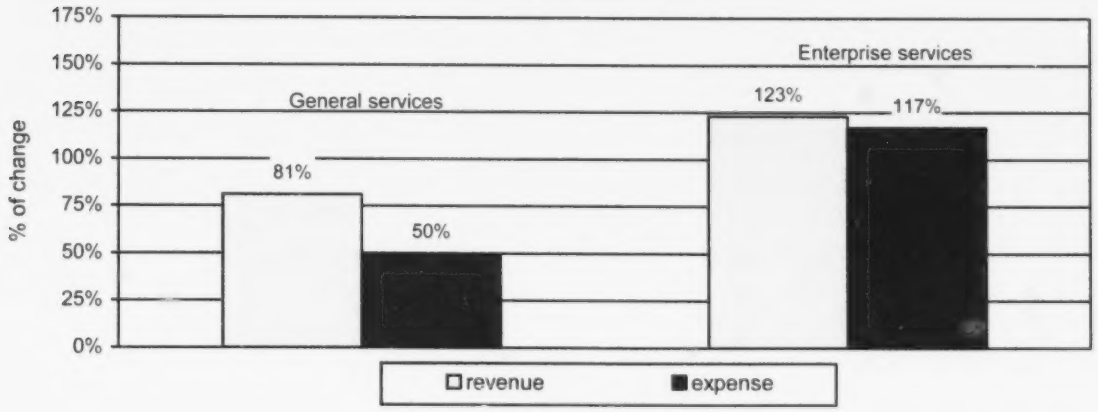
General services include the financial activities of the rest of the Government. Over the same fifteen-year period, general services

[19] The Government's business enterprises financial results are included the Summary Financial Statements. (Public Accounts 2006-2007 Volume 1, pp. 60 and 61, Government of Saskatchewan, July 2007)

revenue increased 81% (1992 to 2006 – 70%) and general services expenses increased 50% (1992 to 2006 – 24%).

Graph F

Percentage of change of revenue & expense from 1993 to 2007



The above amounts are not adjusted for inflation. For further detailed information on trends in the Government's revenue and expenses, see Appendix 3.

9. To what extent have the sales of larger investments affected the Government's financial results?

The Government has not had large sales of investments or revaluations of investments every year. When sales do occur, the Government has recorded gains or losses in the given year. For example, the Government recorded:

- a $48.5 million loss as a result of a write down of its interest in Meadow Lake Pulp Partnership Limited in 2006
- a $112 million gain from the sale of its remaining shares in Cameco in 2002
- a $69 million gain from the sale of its interests in Saturn Communications Limited and the Saskfor MacMillan Limited Partnership in 2000
- a $175 million gain from the sale of shares in Wascana Energy Inc. and the sale of the Bi-Provincial Upgrader in 1998

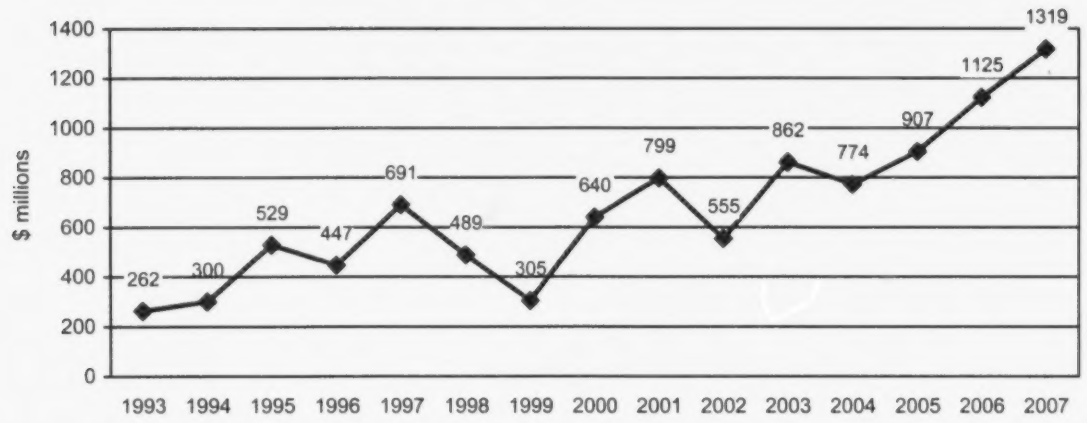
- a $615 million gain from the sale of shares of Cameco, LCL Cable, and ISM in 1996
- a $189 million loss from the sale of shares in Cameco in 1992

10. What impact has oil revenue had on the Government's revenue?

Saskatchewan oil trades on the world market. Oil prices fluctuate according to world supply and demand. In recent years, the price of oil has had extreme price swings. This has resulted in similar swings in the Government's related revenue. Oil revenue is part of own-source revenue.

Swings in oil prices are beyond the control of the Government. Graph G shows that while oil revenue grew over the fifteen-year period from 1993 to 2007, it has varied significantly from year-to-year.

Graph G **Oil revenue from 1993 to 2007**



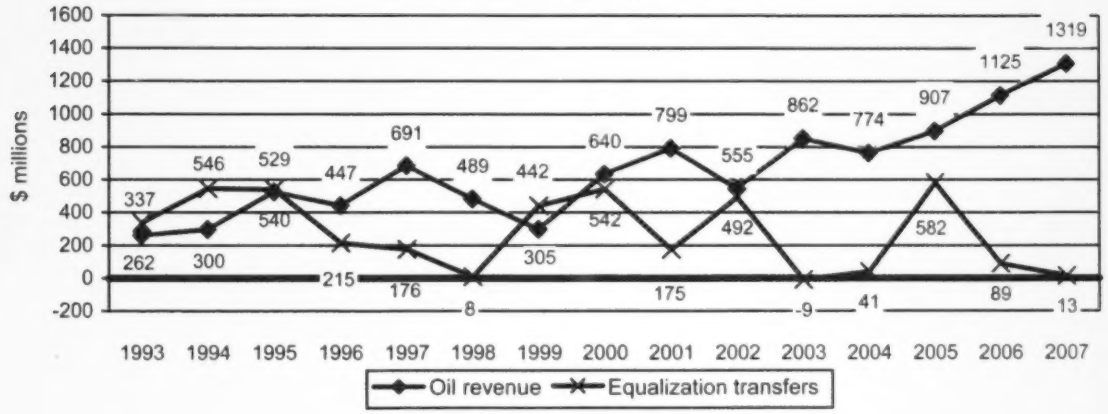
Changes in Saskatchewan's oil revenue have resulted in offsetting changes in equalization transfers revenue. The Federal Government uses a formula to calculate equalization transfers. The Federal Government includes 33 revenue sources to calculate a provinces' revenue-generating capacity. About one-third of these sources directly relate to oil and gas revenue. For provinces with significant oil and gas revenue, increases in this

revenue are almost completely offset by decreases in equalization transfers.[20]

Graph H shows that the increases in Saskatchewan's oil revenue have decreased the amount of federal equalization transfers it has received. For inter-provincial comparisons, see Graph 12.

Graph H

Oil revenue and equalization transfers from 1993 to 2007



In 2005, the Government received a one-time equalization transfer of $582 million. For further detailed information on trends in the Government's revenue, see Appendix 3.

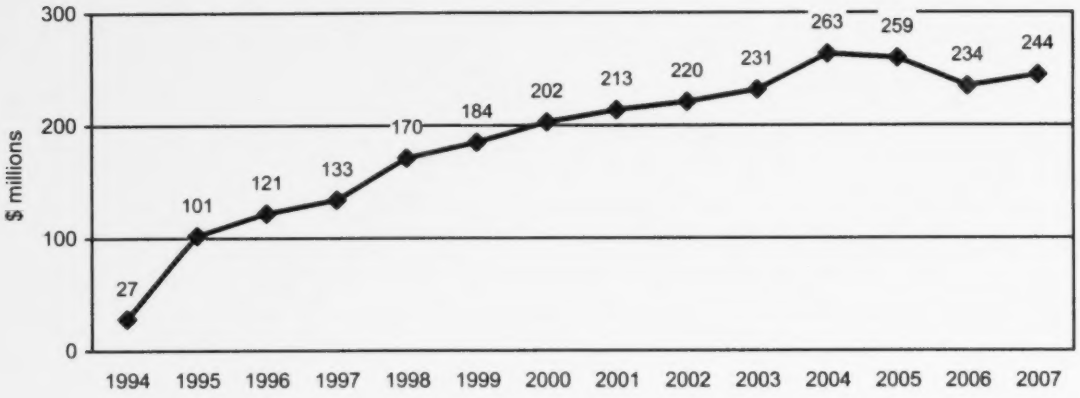
11. What impact have gaming operations had on the Government's finances?

Graph I shows that since 1994, the Government has earned an increasing amount of income from gaming.[21] From 1994 to 2007, gaming income increased from $27 million in 1994 to a peak of $263 million in 2004, decreased slightly to $234 million in 2006, and then recovered to $244 million in 2007.

[20] *Equalization: Implications of Recent Changes*, Michael Holden, Parliamentary Information and Research Service, January 2006.

[21] The income from gaming is the gaming revenue after deducting expenses for gaming operations.

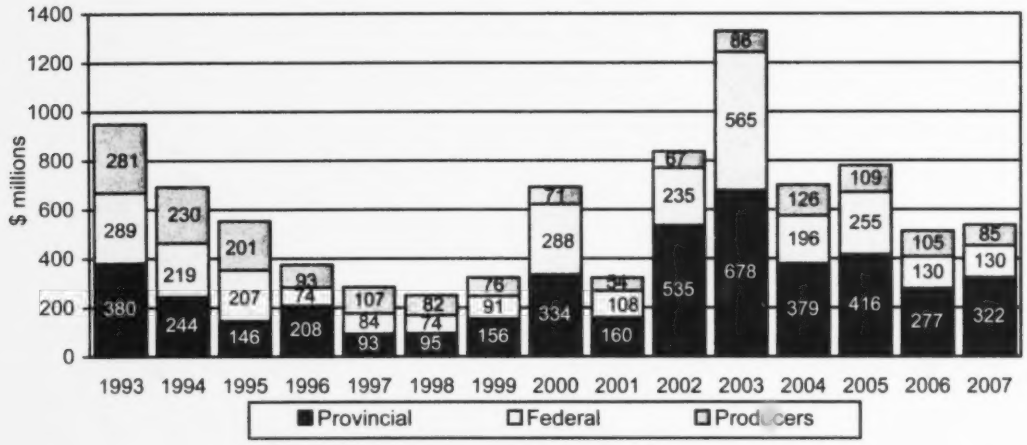
Graph I **Income from gaming from 1994 to 2007**



12. Why do agriculture expenses fluctuate so much?

Graph J shows fluctuations in the Government's agricultural expenses from 1993 to 2007. The graph also shows that producers (through premiums) and the Federal Government (through transfers) help pay for these expenses.

Graph J **Agriculture expenses from 1993 to 2007**



Agriculture expenses fluctuate for two main reasons.

First, the Government's key agricultural program, crop insurance, is designed in such a way that the Government's annual spending will fluctuate because it depends on producers' eligibility in that year. Eligibility criteria are typically based on levels and quality of

production and price of the commodity. Weather affects production levels and quality. Commodity world prices reflect world supply and demand as well as trading subsidies paid by foreign governments.

Second, for agricultural services cost-shared with the Federal Government, whether the Government has the responsibility to administer the program significantly impacts the amounts it records as revenue and expenses. Either the Federal Government or the Saskatchewan Government administer these services.[22]

For example, if Saskatchewan administers the service, as with crop insurance, the Government's Summary Financial Statements include the total cost of the program. That is, the statements include money from the Federal Government and producers as revenue and all costs to deliver the program as expenses.

As such, the Government's agriculture expenses include the full cost of crop insurance (i.e., 2007: $70 million, 2006: $-74 million, 2005: $143 million, 2004: $157 million, 2003: $488 million, 2002: $214 million, 2001 and 2000: combined cost $15 million).

If on the other hand, the Federal Government administers the service, as with the Canadian Agricultural Income Stabilization (CAIS) Program, the Saskatchewan Government's agriculture expenses include only the Government's share of the cost of the program.

13. How much are the Government's total liabilities including liabilities of government business enterprises?

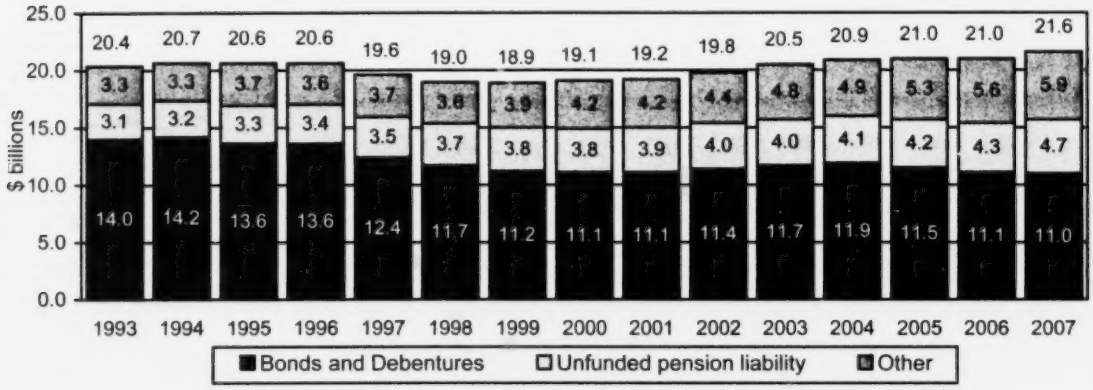
Graph K shows the Government's total liabilities including liabilities of government business enterprises from 1993 to 2007. The Government's liabilities include bonds and debentures, unfunded pension liabilities, and other liabilities. Other liabilities

[22] Per officials from the Department of Agriculture and Food, the governments decide which level of government administers the service based on which level can administer the program more efficiently (e.g., lower costs, or has experience in administering similar services).

include accounts payable, accrued interest, and unpaid claims for government insurance services.[23]

Graph K shows that amounts owed for bonds and debentures have decreased since 1993 to $11.0 billion whereas amounts owed for unfunded pension liability has increased to $4.7 billion.

Graph K **The Government's liabilities as at March 31 from 1993 to 2007 (including liabilities of Government business enterprises)**



Net debt is a more meaningful indicator of financial condition than total liabilities. (See Graph 2 for further detail). Unlike net debt, liabilities do not take into account financial assets available that could be used to repay liabilities.

14. How has Saskatchewan's credit rating changed over the last fifteen years?

Three major bond-rating services routinely rate the Saskatchewan Government's creditworthiness. They are Dominion Bond Rating Service, Moody's Investors Service, and Standards & Poor's. Each has slightly different rating categories and criteria.[24]

---

[23] Liabilities are amounts owed to individuals and corporations outside of the Government. As such, Graph K excludes amounts owed by the General Revenue Fund to the Liquor and Gaming Authority. These amounts (in millions) are: 2007 – $38, 2006 – $40, 2005 – $44, 2004 – $37, 2003 – $23, 2002 – $32, 2001 – $13, 2000 – $674, 1999 – $364, 1998 – $386, 1997 – $451, 1996 – $197, 1995 – $241, 1994 – $140, 1993 – $116, 1992 – $118, and 1991 – $70.

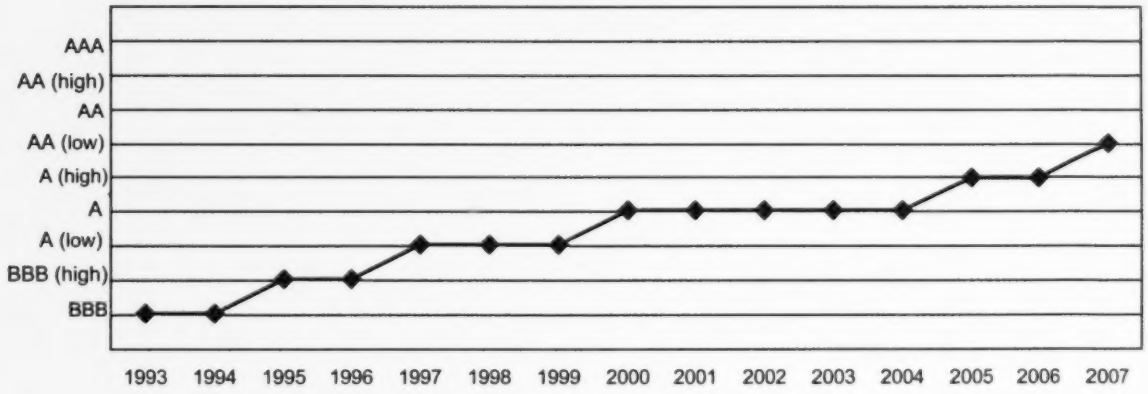
[24] Information on Dominion Bond Rating Services is available at www.dbrs.com, on Moody's Investor Service at www.moodys.com, and on Standards & Poor's at www2.standardandpoors.com. The rankings reflected in the graphs are for long-term debt (i.e., bonds and debentures).

Each of these services has given the Government better credit ratings in recent years. Graph L shows the Government received better credit ratings from Dominion Bond Rating Service in various years and most recently in November 2006. Its rating improved from a low of BBB in 1993 to the current high of AA (low) in 2007.

Standards & Poor's upgraded the Government's credit rating in August 2006 and Moody's Investors Service did so in November 2006. A higher credit rating means you can borrow at a lower cost and have more sources of borrowing.

Graph L

Dominion Bond Rating Service - credit ratings from 1993 to 2007 for Saskatchewan



15. How did the Saskatchewan Government's credit rating compare to the credit ratings of the other provincial governments?

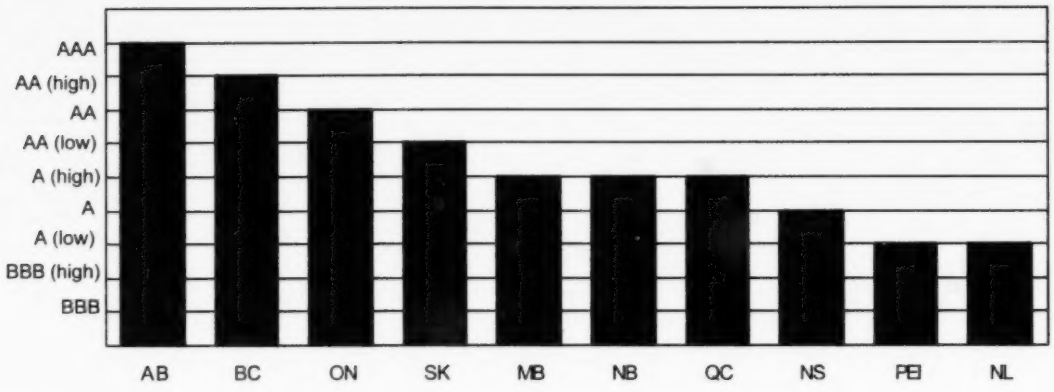
Graphs M to O compare Saskatchewan's credit rating for long-term debt (i.e., bonds and debentures) to that of other provincial governments for each of the three credit rating services. The information in the graphs is based on the most recent credit rating available at the time of writing this report.

The graphs show that Saskatchewan's credit rating is lower than those of Alberta and British Columbia and is similar to Ontario. For at least two of the three credit rating services, Saskatchewan surpasses the credit ratings of Manitoba and New Brunswick. For all three credit rating services, Saskatchewan surpasses the credit ratings of Quebec, Nova Scotia, PEI, and Newfoundland and

Labrador. Saskatchewan's ranking relative to its counterparts has improved in comparison to recent years.

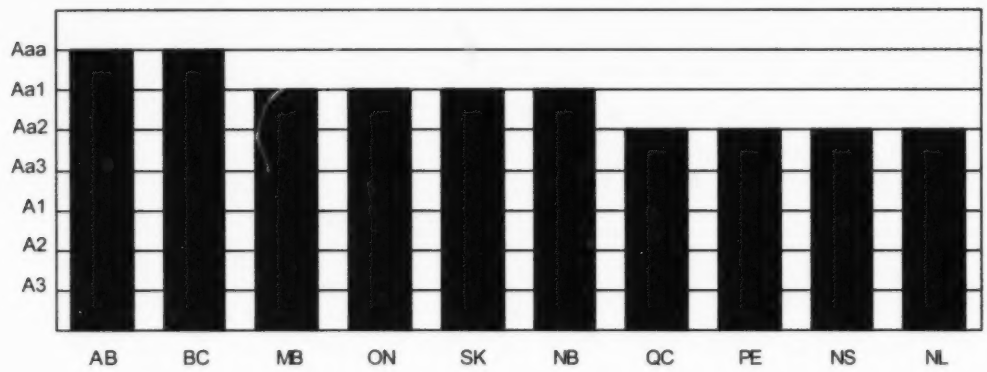
Graph M

Dominion Bond Rating Service - credit ratings as at July 10, 2007 by province



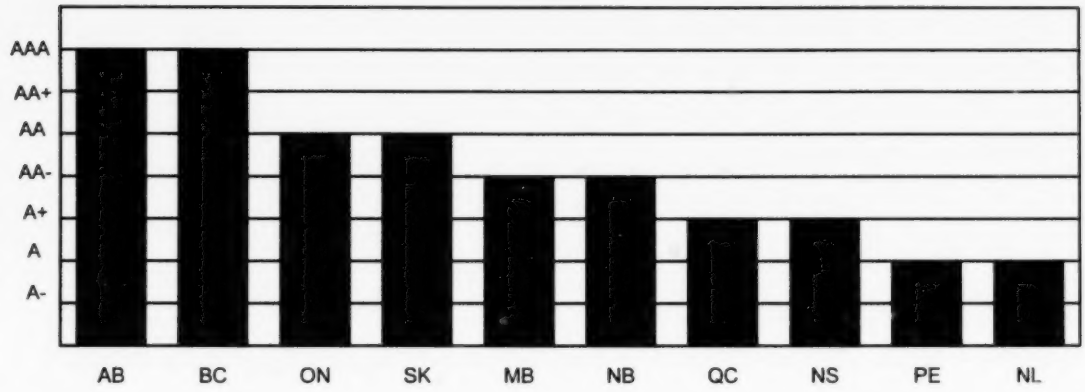
Graph N

Moody's Investors Service - credit ratings as at July 10, 2007 by province



Graph O

Standard and Poor's - credit ratings as at July 10, 2007 by province



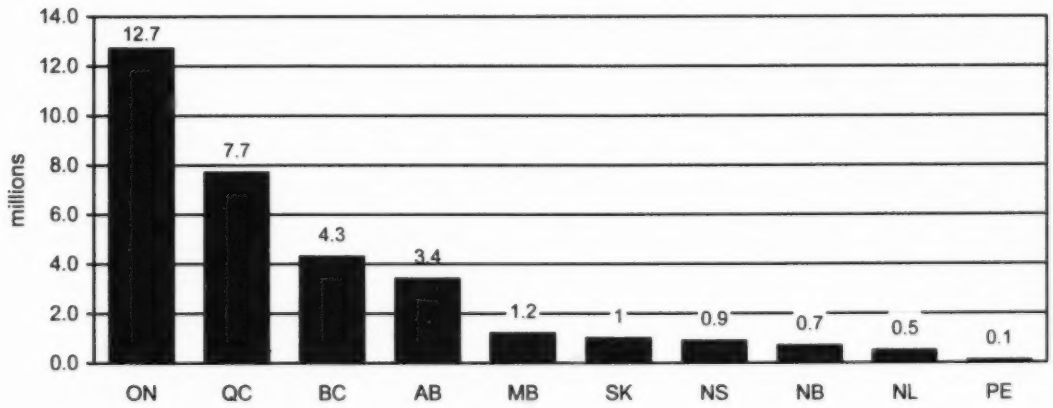
16. How did the size of Saskatchewan's population compare with other provinces?

At April 1 2007, Saskatchewan's population was 990,212.

As shown in Graph P, Saskatchewan's population has remained around one million – the sixth largest in Canada. Its population continued to be comparable to Manitoba and to two of the four Maritime provinces. Only the provinces of Ontario, Quebec, and Alberta showed significant population growth over the prior year.

Graph P

Population as at July 1, 2006 by province



Source: Statistics Canada CANSIM accessed July 9, 2007.

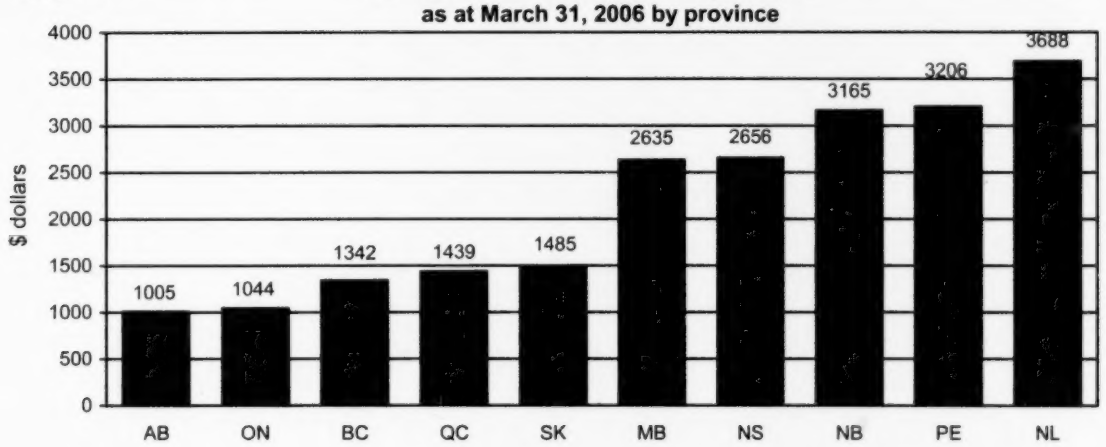
17. How did Saskatchewan's Federal Government transfers per capita compare with other provinces?

At March 31, 2007, Saskatchewan's Federal Government transfer per capita was $1,567.

As shown in Graph Q, for the year ended March 31 2006, Saskatchewan's Federal Government transfers per capita was the fifth lowest and similar to British Columbia and Quebec.

Graph Q

Federal Government transfers per capita as at March 31, 2006 by province



Source: Statistics Canada.

18. How are "tax expenditures" accounted for in the Government's financial statements?

The Government commonly refers to reductions of taxes to taxpayers (i.e., individuals or corporations) as "tax expenditures."[25] The Government for public policy purposes may decide to allow certain taxpayers special exclusions, deductions, preferential tax rates, or credits. "Tax expenditures" are not expenses or expenditures and, appropriately, are not recorded in the financial statements.

For example, as reported in the 2006-07 Budget, the Government provides small businesses with lower corporate tax rates and

[25] 2007-2008 Saskatchewan Provincial Budget, Budget and Performance Plan Summary, Government of Saskatchewan, pp. 30 – 34, March 2007.

farmers with a fuel tax exemption for farm activity. It estimated that it had foregone revenue of about $137.8 million and $110.5 million, respectively. It does not record these amounts as revenue or expense in the Summary Financial Statements.

Appendix 2 – Glossary of key terms

Annual surplus (deficit) – is the difference between revenue and expenses in one year.

Accumulated deficit – is the sum of all annual deficits and surpluses to date. The accumulated deficit is equal to the total liabilities less the total assets.

Amortization – The amount a tangible capital asset is reduced each year to reflect its loss of value through age and use, sometimes referred to as depreciation.

Commodity – Any good exchanged in trade. Usually refers to raw materials and agricultural products traded principally based on price.

Consumer Price Index (CPI) – is a measure of the change in cost of living for consumers by looking at the general price of goods and services used by the average consumer. Goods and services include energy, food and beverages, housing, apparel, transportation, medical care, and entertainment.

Financial assets – are cash and other assets convertible to cash and not intended for use in the normal course of operations, but which could provide resources to pay liabilities or finance future operations. Examples of financial assets include investments in marketable securities, and inventories for resale.

Government business enterprises – are self-sufficient Crown corporations that have the financial and operating authority to sell goods and services to individuals outside of a government and to non-governmental organizations as their principal activity. Examples include SaskPower, SaskEnergy, SaskTel, and the Liquor and Gaming Authority.

Government service organizations – are organizations controlled by a government that are not government business enterprises.

Gross domestic product (GDP) – is a measure of the value of the goods and services produced in a jurisdiction in one year.

Interest bite – measures interest costs as a percentage of revenue and is an indicator of the state of a government's finances. The indicator shows

the extent to which a government must use revenue to pay interest costs rather than to pay for programs and services.

Liabilities – are amounts owed. Liabilities include bonds and debentures, pension obligations, and a variety of other payables and claims.

Net assets – is when total financial assets exceed total liabilities.

Net book value – the amount of net assets recorded in the books of accounts or financial statements. For example, the net book value of tangible capital assets is the recorded value of the assets less the total accumulated amortization relating to that asset.

Net debt – is when the total liabilities exceed total financial assets.

Non-financial assets – are assets not readily convertible to cash. Examples include tangible capital assets, inventories for consumption, and prepaid expenses.

Own-source revenue – is the revenue raised by a provincial government from sources within the province and, thus, excludes Federal Government transfers.

Ratio – a measure of the relative size of two amounts calculated by dividing one number into another; ratios are commonly used for comparisons.

Summary financial statements – is a report of the combined financial results of all organizations that a government controls and uses to provide goods and services to the public. Government organizations included in the statements include departments, Crown corporations, agencies, boards, and commissions.

Tangible capital assets – identifiable long-term assets that are acquired, constructed or developed, and held for use rather than for sale. Examples include land, highways, buildings, automobiles, computer hardware and software, but exclude inventories and crown land. Tangible capital assets are a key component in the delivery of government services and provide on-going value to the public.

Appendix 3 – Detailed revenue and expense – 1991 to 2007

(in millions of dollars)

	1991 Unaudited[1]	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenue																	
Taxes	1,988	2,163	2,276	2,536	2,643	2,854	3,125	3,116	3,155	3,224	3,203	3,023	3,369	3,399	3,590	4,117	**4,486**
Federal government transfers	1,603	1,706	1,447	1,488	1,512	1,046	853	675	1,088	1,553	1,029	1,518	1,414	1,290	1,995	1,459	**1,552**
Non-renewable resources	423	323	393	453	718	673	907	781	622	943	1,293	903	1,244	1,141	1,474	1,721	**1,694**
Income from government enterprises	362	266	249	310	313	590	549	568	652	582	642	426	453	734	843	718	**701**
Other	932	952	948	775	899	1,260	791	983	784	909	924	1,070	996	1,121	1,318	1,451	**1,431**
Total Revenue	5,308	5,410	5,313	5,562	6,085	6,423	6,225	6,123	6,301	7,211	7,091	6,940	7,476	7,685	9,220	9,466	**9,864**
Expense																	
Agriculture	827	1,183	950	693	554	375	284	251	323	693	322	837	1,329	701	780	512	**537**
Community development	143	107	104	145	160	158	148	152	160	158	176	204	236	240	231	295	**318**
Debt charges (interest costs)	1,053	1,147	1,299	1,285	1,338	1,305	1,224	1,175	1,111	1,026	947	891	894	928	903	841	**783**
Economic development	86	125	81	79	79	148	132	96	110	109	150	141	109	138	277	371	**228**
Education	847	871	883	849	874	828	853	855	886	901	1,019	987	989	1,062	1,208	1,414	**1,692**
Environment and natural resources	184	20	87	151	116	192	142	119	202	168	149	156	243	186	154	174	**212**
Health	1,659	1,641	1,614	1,553	1,622	1,623	1,682	1,761	1,931	2,174	2,223	2,424	2,558	2,745	2,944	3,222	**3,379**
Protection of persons and property	262	274	248	178	187	195	190	203	230	262	266	299	303	317	319	356	**399**
Social services and assistance	446	507	547	550	584	588	586	700	747	785	783	784	794	792	821	827	**843**
Transportation	283	242	201	212	228	236	248	273	272	273	303	337	328	291	317	329	**373**
Other	270	969	199	148	202	212	191	212	260	256	292	363	347	385	422	446	**526**
Total Expense	6,060	7,086	6,213	5,843	5,944	5,860	5,680	5,797	6,232	6,805	6,630	7,423	8,130	7,785	8,376	8,787	**9,290**
Annual surplus (deficit)	-752	-1,676	-900	-281	141	563	545	326	69	406	461	-483	-654	-100	844	679	**574**

[1] 1991 was the first year that the Government produced Summary Financial Statements. Information prior to 1991 is not available.

Appendix 4 – Listing of graphs

The following lists graphs included in the body of this report.

1 The Government's annual surplus or deficit from 1993 to 2007
2 Saskatchewan's GDP and the Government's net debt from 1993 to 2007
3 The Government's net debt as % of provincial GDP from 1993 to 2007
4 Net debt as % of GDP as at March 31, 2006 by province
5 The Government's own-source revenue as % of GDP from 1993 to 2007
6 Own-source revenue as % of GDP as at March 31, 2006 by province
7 The Government's interest costs as % of total revenue from 1993 to 2007
8 Interest costs as % of revenue as at March 31, 2006 by province
9 Annual % increase in net book value of tangible capital assets from 1997 to 2007
10 Revenue from Federal Government transfers from 1993 to 2007
11 Federal Government transfers as % of Saskatchewan Government own-source revenue from 1993 to 2007
12 Federal Government transfers as % of own-source revenue as at March 31, 2006 by province

The following lists graphs included in Appendix 1 of this report.

A Percentage of change from 1993 to 2007 of revenue, expense, CPI, & GDP
B Net debt per capita for 2006 by province
C Annual % change in Saskatchewan's GDP, 1993 to 2007
D GDP for 2006 by province
E 2006 GDP per capita by province
F Percentage of change of revenue & expense from 1993 to 2007
G Oil revenue from 1993 to 2007
H Oil revenue and equalization transfers from 1993 to 2007
I Income from gaming from 1994 to 2007
J Agriculture expenses from 1993 to 2007
K The Government's liabilities as at March 31 from 1993 to 2007 (including liabilities of government business enterprises)
L Dominion Bond Rating Service – credit ratings from 1993 to 2007 for Saskatchewan
M Dominion Bond Rating Service – credit ratings as at July 10, 2007 by province
N Moody's Investors Service – credit ratings as at July 10, 2007 by province
O Standards and Poor's – credit ratings as at July 10, 2007 by province
P Population as at July 1, 2006 by province
Q Federal Government transfers per capita as a March 31, 2006 by province